

**COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
BUREAU OF PROFESSIONAL AND OCCUPATIONAL AFFAIRS
STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS
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December 16, 1996

Ms. Diana L. Garmus, Chairperson
Appraisal Subcommittee
2100 Pennsylvania Avenue, N.W., Suite 200
Washington, D.C. 20037

Dear Ms. Garmus:

I am writing on behalf of the State Board of Certified Real Estate Appraisers in response to your October 11, 1996 letter, which set forth the recommendations of the Appraisal Subcommittee ("ASC") relating to its field review of Pennsylvania's appraiser regulatory program on August 7-8, 1996.

Following are the Board's responses to the ASC's recommendations:

1. The Board agrees with the ASC's observation that some federally regulated institutions might mistakenly believe that persons who possess the credential of "certified broker/appraiser" are authorized to perform appraisals in federally related transactions. To minimize the potential for confusion, the Board is in the process of notifying lending institutions, directly and through their trade associations, of the limited authority of certified broker/appraisers. The Board also has put into effect the ASC's recommendation that a disclaimer be placed on all broker/appraiser certificates stating that the persons so designated are not authorized to perform appraisals in federally related transactions.

The ASC suggested that the Board might seek a more permanent solution to the problem by introducing legislation that would amend the Real Estate Appraisers Certification Act ("REACA") by disassociating the term "certified" from the broker/appraiser classification. Unfortunately, the Board does not have the authority to introduce legislation on its own; moreover, even if it possessed such authority, the Board does not believe there is sufficient support in the

Pennsylvania General Assembly at this time to reopen the REACA for further amendments.

2. The Board agrees with the ASC's recommendation that affected parties be notified of the recent amendments to the REACA that added the broker/appraiser classification, expanded the scope of practice for certified general appraisers and certified residential appraisers, and provided for the future elimination of appraising from the permitted functions of real estate brokers. The Board and the State Real Estate Commission have already notified certified appraisers and real estate brokers, respectively, of these changes. As noted above, the Board is in the process of notifying lending institutions as well.
3. The Board agrees with the ASC's observation that appraisal courses submitted by applicants toward the educational requirements for certification must be carefully evaluated so that credit is not given for courses that are significantly duplicative in nature or content. The Board's appraiser members work closely with the Board's administrative staff to ensure that the course submissions of applicants represent a logical and progressive accumulation of appraisal knowledge.
4. The ASC commented that the absence of the licensed appraiser classification in Pennsylvania prevents licensed appraisers in other states from achieving permanent recognition in Pennsylvania through reciprocity; at present, licensed appraisers must satisfy requirements equal to the certified appraiser level before they can practice in Pennsylvania other than on a temporary basis. The ASC recommended that Pennsylvania establish the licensed appraiser classification in order that reciprocity may be better facilitated among the states. As noted above, however, legislative support for additional amendments to the REACA appears bleak in the short term. In the meantime, the Board, as it has successfully done in the past, will continue to seek reciprocal certification agreements with those states that also recognize the licensed appraiser classification.

Thank you for allowing the Board to respond to the ASC's recommendations. The Board will be happy to address any additional concerns that the ASC may have.

Sincerely

David J. King Chairman
State Board of Certified
Real Estate Appraisers

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